

**THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:)	
)	
SENTINEL TRUST COMPANY)	NO. 4781
)	
)	

**MOTION FOR APPROVAL OF FINAL DISTRIBUTION TO BONDHOLDERS ON
METRO-NASHVILLE THOMPSON PLACE BOND ISSUE AND THE CLOSING OF
MATTERS RELATING TO THAT ISSUE SAVE THROUGH THE PROOF OF CLAIM
PROCESS**

I. INTRODUCTION

Sentinel Trust Company, in Liquidation ("Sentinel Trust"), moves the Court 1) to approve the final distribution to bondholders of The Industrial Development Board of The Metropolitan Government of Nashville and Davidson County, Tennessee, MultiFamily Housing Revenue Bonds, Series 1998 (Metro-Nashville Thompson Place, Inc. Project) ("Thompson Place Bond Issue") and 2) to close all matters regarding claims of Thompson Place Bond Issue bondholders save through the pending Sentinel Trust proof of claim process. This Motion is filed and approval of the Court is sought pursuant to T.C.A. § 45-2-1504(a).

II. FACTUAL BACKGROUND

The Thompson Place Bond Issue related to the financing of low income housing in Davidson County, Tennessee. By late 2003, it became apparent that the revenues of that housing project were going to be less than the debt service obligation on the bond issue. In December 2003, the scheduled bond interest payments were missed, and the Thompson Place Bond Issue fell into default. From that point forward, the borrower continued to make some payments to

Sentinel Trust, but the revenues from the housing project never were sufficient to bring the Thompson Place Bond Issue out of default status.

In October 2004, a foreclosure sale of the property occurred with the highest bid being \$1.0 million. That foreclosure sale was conducted contingent upon the Court's approval of the sale price. On November 8, 2004, the Sentinel Trust Receiver filed a motion in this Court seeking approval of the Thompson Place property sale. On November 15, 2004, after presentation of the motion at motion call, the Court approved that sale (see Exhibit A attached hereto) and the transaction closed soon thereafter. The net sale proceeds, plus the amounts received from continued payments from Thompson Place (which continued post- May 18, 2004) aggregate in the amount of \$1,015,028.21 which is currently being held by the Sentinel Trust receivership.

III. DEDUCTION OF FEES AND EXPENSES

Because the Thompson Place Bond Issue, while in default, nevertheless continued to make payments to Sentinel Trust, there does not exist on that bond issue a pre- May 18, 2004 (or pre-receivership) "negative" or "overdraft" position as to the SunTrust Bank pooled fiduciary account which, when the receivership was initiated, had a multi-million dollar shortfall. Accordingly, there are no funds from the realization of the Thompson Place Bond Issue collateral that are to be "paid back" to the SunTrust Bank pooled fiduciary account. Similarly, because the post-default payments received from the Thompson Place facility were sufficient to meet the pre-receivership fees and expenses incurred by Sentinel Trust, there are not any pre-May 18, 2004 fiduciary fees or other attendant expenses owed to Sentinel Trust. See Exhibit B attached hereto.

Records available to the Sentinel Trust Receiver indicate that there were fees for attorney-provided services on the Thompson Place Bond Issue default pre- May 18, 2004 which

were unpaid as of the institution of the Sentinel Trust receivership and which are still unpaid. The total unadjusted amount of these attorneys' fees is \$172.90 billed by the Waller, Lansden firm. The Receiver has determined that the fees owed to Waller Lansden are reasonable and appear to have been necessary for Sentinel Trust to perform its duties as indenture trustee to the Thompson Place Bond Issue. Nevertheless, Waller Lansden, as an accommodation to the circumstances facing the Sentinel Trust Receiver, has agreed to reduce that amount by fifty percent (50%) to \$86.45. The Receiver recommends that this reduction be accepted and that the Court approve that the reduced amount be paid from the \$1,015,028.21.

There are fees and expenses relating to the Thompson Place Bond Issue default that are post- May 18, 2004 fiduciary fees, counsel fees and receivership expenses/administrative expenses. The charging of post- May 18, 2004 fiduciary, default administration and related fees and charges is based on fees and charges set by the Thompson Place Bond Issue documents and fee schedules, which are the same fees and expenses charged and paid pre- May 18, 2004. These fees total \$34,425.08 (see Exhibit B). A significant portion of these post- May 18, 2004 fees are attorneys' fees from the law firm of Wyatt, Tarrant & Combs, LLP incurred on matters relating to the foreclosure and sale of the property. See Exhibit B. To the extent that payment of post- May 18, 2004 fiduciary fees, default administrative and related charges (which, along with funds from other sources, go to fund the operations of the Sentinel Trust receivership) result in an excess of funds at the time of determination of final distribution to then remaining claimants and creditors, those funds will be used to increase the pro rata distribution to claimants and creditors of the Sentinel Trust receivership estate.

Finally, based upon the expected need for payment of residual expenses incurred in the distribution of monies to the Thompson Place Bond Issue bondholders, the small amount of \$3,941.68 is shown as being held back from distribution to these bondholders. See Exhibit B.

IV. DISTRIBUTION TO BONDHOLDERS

As shown in **Exhibit B**, the amount that remains yields a distribution to the Thompson Place Bond Issue bondholders of approximately 43.5¢/\$1.00.

V. ARGUMENT IN FAVOR OF DISTRIBUTION TO BONDHOLDERS AND PAYMENT OF FEES AND EXPENSES AS SET FORTH HEREIN

The forty-three and one-half cents per dollar payoff, while not a full payoff, is an amount that, to the Receiver's knowledge and experience, surpasses many payoffs in bankruptcy/default contexts. The approximately \$34,500.00 in fees and expenses deducted from the \$1,015,028.21 amount were for post-receivership fees and expenses and were largely for attorneys' fees attendant to the foreclosure and sale of the property at a price that was approved by the Court and which was consistent with the appraised value of the property (the \$1.0 million sale price was in juxtaposition to an appraisal of \$1,050,000). The amounts of post- May 18, 2004 fiduciary fees, default administration fees and other attendant charges are based upon the fees and expenses allowed by the bond issue documents and published fee/charge schedules. As mentioned earlier, these fees and expenses (along with funds from many other sources) are funding the operations of the Sentinel Trust receivership, including the efforts to further recover funds and to grow the assets of the receivership estate. Any excess monies at the end of the receivership will be distributed to the then remaining creditors and claimants. Accordingly, the Receiver urges the Court to approve the distribution of the \$1,015,028.21 received in relation to the Thompson Place Bond Issue as set forth in **Exhibit B** hereto.

**VI. REQUEST FOR COURT TO ORDER THAT PAYMENT OF PROPOSED
DISTRIBUTION TO BONDHOLDERS EXTINGUISHES ALL CLAIMS AS AGAINST
SENTINEL TRUST SAVE THROUGH THE PROOF OF CLAIM PROCESS**

The Receiver requests that, as part of the Court's Order approving the Thompson Place Bond Issue distribution, the Court provide that the bondholders' recourse regarding matters relating to the Thompson Place Bond Issue be limited to presenting a proof of claim in the pending proof of claim process. As has earlier been stated to the Court in different contexts, it is extremely important that multiple actions by varying groups of bondholders, racing to the courthouse to gain advantage as to one another, not be allowed. Similarly, it is very important the proof of claim process be the venue for uniform treatment of claimants under this Court's supervision and that the Receiver's pursuit of third-party claims on behalf of all claimants be allowed unimpeded. For these reasons, it is requested that the Court's Order include a provision requiring any Thompson Place Bond Issue bondholder to pursue claims relating to that bond issue in the Sentinel Trust receivership through the proof of claim procedure.

Moreover, the Thompson Place bondholders are involved in the proof of claim process in any event. As mentioned earlier, prior to May 18, 2004, the Thompson Place facility, though in default, was making payments to Sentinel Trust. Indeed, those monies covered the various fiduciary fees, default administrative fees and other attendant expenses paid after the issue fell into default but prior to May 18, 2004. The pre- May 18, 2004 payments were deposited in the earlier-referenced SunTrust Bank pooled fiduciary account and, as of May 18, 2004, the Thompson Place Bond Issue had a positive balance in the SunTrust Bank pooled fiduciary account of approximately \$144,809.41. See Exhibit B. It is the SunTrust Bank pooled fiduciary account which has the shortfall/deficiency of funds, and which will be a primary focus of the proof of claim process. Accordingly, the Thompson Place Bond Issue bondholders have received information from the Receiver concerning their claims as against the SunTrust Bank

pooled fiduciary account. See Exhibit C (copy of proof of claim information and form sent, on January 31, 2005, to each current Thompson Place bondholder known to the Receiver). Therefore, in making claim in the proof of claim process, any Thompson Place Bond Issue bondholder can make, in that forum, whatever further claims he/she/it feels would be appropriate.

VII. NOTICE TO BONDHOLDERS

Notice of this Motion has been provided to all of the current Thompson Place Bond Issue bondholders known to the Sentinel Trust Receiver. That Notice, a copy of which is attached as **Exhibit D**, was mailed on Friday, February 18, 2005, to each current bondholder at his/her/its address as reflected in the Sentinel Trust records. That Notice informs the bondholders of much of the contents of this Motion, informs them of when and where the hearing of this Motion is to occur, directs them to the Department of Financial Institutions website to review the full text of this Motion (including exhibits) and provides them with telephone numbers to call with questions.

VIII. CONCLUSION

For the stated reasons, the Sentinel Trust Receiver requests that an Order of Court issue as requested herein.

Respectfully submitted,



J. Graham Matherne, BPR #11294
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423
(615) 244-0020

*Counsel for Jeanne Barnes Bryant and
Receivership Management, Inc., Receiver
of Sentinel Trust Company, in Liquidation*

**THIS MOTION IS SET TO BE HEARD ON THE 28th DAY OF FEBRUARY, 2005
AT 9:00 A.M. IN HOHENWALD, LEWIS COUNTY, TENNESSEE.**

CERTIFICATE OF SERVICE

This is to certify that on February 17th, 2005 a copy of the foregoing Motion and Exhibits have been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter
Senior Counsel
Office of the Attorney General
Financial Division
425 5th Avenue North
P.O. Box 20207
Nashville, TN 37243

Carrol Kilgore
Branstetter, Kilgore, Stranch & Jennings
227 Second Avenue North
4th Floor
Nashville, TN 37201

Donald Schwendimann
306 W. Main Street
P.O. Box 366
Hohenwald, TN 38462

Larry Stewart
Stokes, Bartholomew, Evans & Petree
424 Church Street, Suite 2800
Nashville, TN 37219

David D. Peluso
106 East Main Street
Hohenwald, TN 38462

James S. Hereford, Jr.
310 W. College Street
P.O. Box 802
Fayetteville, TN 37334-0802

William B. Hubbard
Weed, Hubbard, Berry & Doughty
SunTrust Bank Bldg., Suite 1420
201 Fourth Avenue North
Nashville, TN 37219

Diana M. Thimmig
Roetzel & Andress
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114

James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901

David E. Lemke, Esq.
Waller, Landsen, Dortch & Davis PLLC
511 Union Street, Suite 2100
Nashville, TN 37219



J. Graham Matherne

**IN THE CHANCERY COURT OF LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

In Re: Sentinel Trust Company

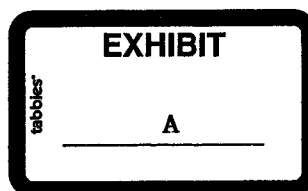
)
)
) Case No. 4781
)

**ORDER APPROVING SALE OF THOMPSON PLACE
NASHVILLE, TENNESSEE PROPERTY**

The Receiver of Sentinel Trust Company, in Liquidation ("Receiver") filed a motion on November 8, 2004 requesting the Court to approve the sale of property located at 1100 Thompson Place in Nashville, Davidson County, Tennessee (the "Property"), said Property being collateral in relation to a defaulted bond issue (Metro Nashville Thompson Place Bond Issue) to which Sentinel Trust Company is the indentured trustee. The Receiver's motion was heard on November 15, 2004.

It appears to the Court that the proposed sale price of \$1.0 million (submitted by Bellicose Properties, Inc. of Gallatin, Tennessee) was the result of a competitive foreclosure sale/auction and is not materially less than a recent property appraisal of \$1,050,000, which was presented as attached to the Receiver's motion. Accordingly, the Court approves the proposed sale as requested by the Receiver's motion.


The Receiver's motion also requests the Court to approve, as a backup if the proposed sale to Bellicose Properties, Inc. does not close, the sale of the Property to the second highest bidder (David E. Rawlings/Rawlings & Associates of Nashville, Tennessee) -- a bid of \$996,000. It appears to the Court that the second highest bid is not materially different from the winning bid which is approved herein. Accordingly, if the sale of the Property to the highest bidder,



FILED Nov 15, 2004
at 10:10 o'clock A. M.
JANET WILLIAMS, Clerk & Master
BY Janet Williams


Bellicose Properties, Inc., does not close, the Court approves the sale of the Property to the second highest bidder, David E. Rawlings/Rawlings & Associates.

It is so ORDERED, this the 15 day of November, 2004.



Hon. R.E. Lee Davies

Submitted for Approval



Graham Matherne, #11294
WYATT, TARRANT & COMBS, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
(615) 251-6708

CERTIFICATE OF SERVICE

This is to certify that on November 15th, 2004 a copy of the foregoing Order has been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter
Senior Counsel
Office of the Attorney General
Financial Division
425 5th Avenue North
P.O. Box 20207
Nashville, TN 37243

Carrol Kilgore
Branstetter, Kilgore, Stranch & Jennings
227 Second Avenue North
4th Floor
Nashville, TN 37201

Donald Schwendimann
306 W. Main Street
P.O. Box 366
Hohenwald, TN 38462

Larry Stewart
Stokes, Bartholomew, Evans & Petree
424 Church Street, Suite 2800
Nashville, TN 37219

David D. Peluso
106 East Main Street
Hohenwald, TN 38462

James S. Hereford, Jr.
310 W. College Street
P.O. Box 802
Fayetteville, TN 37334-0802

William B. Hubbard
Weed, Hubbard, Berry & Doughty
SunTrust Bank Bldg., Suite 1420
201 Fourth Avenue North
Nashville, TN 37219

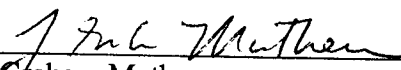
Diana M. Thimmig
Roetzel & Andress
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114

James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901

John C. Herman
Duane Morris LLP
1180 West Peachtree Street, Suite 700
Atlanta, GA 30309

Marc Walwyn
Walwyn & Walwyn
601 Due West Avenue
Madison, TN 37115

David E. Rawlings
Rawlings & Associates
P.O. Box 150321
Nashville, TN 37215


J. Graham Matherne

Sentinel Trust Company
The Industrial Development Board of the Metropolitan
Government of Nashville and Davidson County
Multifamily Housing Revenue Bonds, Series 1998
(Nashville-Thompson Place, Inc. Project)
Default Issue

Final Accounting for Final Distribution to Metro-Nashville Thompson Place
Bondholders

Account Summary for Metro-Nashville Thompson Place

Summary

Total Money Received Post May 18, 2004	1,015,028.21
Total Pre May 18, 2004 Payable Due Fiduciary Account	-
Total Pre May 18, 2004 Payable Due Sentinel Trust Company	-
Total Pre May 18, 2004 Attorney's Fees Unpaid	(86.45)
Total Post May 18, 2004 Expenses Due	<u>(34,425.08)</u>
Net Total Available to Bondholders	980,516.68

Total Amount Payable to Bondholders	<u>(976,575.00)</u>
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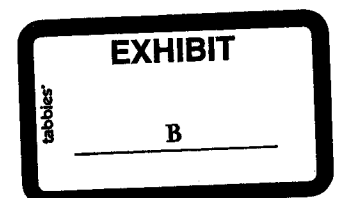
(Payout of \$2,245,000 X \$0.435)

Residual Balance for Final Expenses	<u><u>3,941.68</u></u>
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Account Detail		Bond #106
Waller, Lansden, Dortch, and Davis Pre May 18, 2004 Unpaid Fees (\$172.90 @ 50%)		86.45
Total Pre May 18, 2004 Attorney Fees Unpaid		86.45
Assessment of Fiduciary Fees for Metro-Nashville Thompson Place Post May 18, 2004		
Fiduciary Fee due July 1, 2004		2,837.50
Fiduciary Fee due January 1, 2005		2,837.50
Default Administration Fee through 12/31/04		4,720.00
Default Administration Fee Jan 2005		100.00
Termination Fee based on Original Issue Amount:		6,750.00
Other Fee Assessment (Wyatt, Tarrant, and Combs)		12,680.08
Other expenses (Integra Realty Resources))		4,500.00
Total Expenses Post May 18, 2004		34,425.08

Pre May 18, 2004 Deposits (Proof of Claim Amount)	144,809.41
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2/16/05 11:12 AM



Information Concerning Filing Proof of Claim

\$2,270,00 METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY, TENNESSEE (Nashville-Thompson Place, Inc. Project) Series 1998 “(Bonds)” CUSIP# 592065X27, X35, X43, X50, X68, X76, X84, X92, Y26, Y91, Y34, Y42, Y59, Y67, Y75 and Y83.

Sentinel Trust Company (the “Trustee”) serves as indenture trustee for this issue. Bondholders have previously been notified of the liquidation of Sentinel Trust Company, the status of the default bond and that there had been a sale of the collateral for the loan financed by the Bonds. You will receive information within the next 90 days concerning the exact par value payment that you will receive concerning your bond principal and how to surrender bonds to collect their final distribution. A separate process is required concerning any additional claims that may exist against Sentinel Trust apart from claims concerning payment for the bond principal. In order to collect on those claims, **you must file the enclosed proof of claim for any additional amounts claimed concerning your bond or as against Sentinel Trust generally.**

The Commissioner of Financial Institutions placed Sentinel Trust Company in receivership on May 18, 2004. The Sentinel Trust receivership proceedings are pending before the Lewis County Tennessee Chancery Court (In re: Sentinel Trust Company #4781) (“Court”). As of May 18, 2004, according to the records of the company, the Nashville-Thompson Place bond issue was credited with and should have had on deposit with Sentinel Trust in a pooled fiduciary account held at SunTrust Bank (“pooled fiduciary account”) the amount of \$144,809.41. **Without regard to any other potential claimants as to the \$144,809.41 amount, and based on the records of Sentinel Trust Company concerning the par value of your bond \$5,000.00 , the Receiver believes that you have a claim concerning those funds in the amount of \$322.52 .**

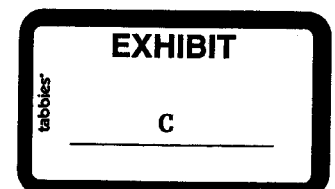
As noted in the enclosed proof of claim, you have until July 31, 2005 to file a claim for those funds. If you agree with the amount noted above, please fill out the form as indicated and file your claim. If you believe you are entitled to any additional amounts from the Sentinel Trust receivership estate other than the amount indicated by the Receiver, or the amount you are expecting concerning the sale of the bond collateral, please indicate the amount you are claiming and supply documentation concerning your claim. Please be advised that there may be other claims filed with the Receiver that may compete with your claim to a portion of the \$144,809.41 amount noted above. You will be advised as soon as possible after the claim filing deadline of the recommendation to the Court concerning your claim.

Based on the records of the company, the Receiver is advising all known claimants that the pooled fiduciary account could have approximately \$10,250,000 total claims against it. The amount of claims against the pooled fiduciary account will not be known with any certainty until after the July 31, 2005 claims bar date. At present there is approximately \$2,500,000 in the pooled fiduciary account. The Receiver anticipates that this amount will increase, but to what amount is presently unknown.

The Receiver will file a report with the Court as soon as possible after the claim filing deadline to advise of the total amount of approved claims and any pro-rata distribution.

Please refer to the website for the Tennessee Department of Financial Institutions at www.state.tn.us/financialinst/ to view updates as to any reports filed with the Court.

Questions about this notice may be directed to the Receiver for Sentinel Trust Company, Jeanne Barnes Bryant at 615-370-0051.



PLEASE READ THIS FORM CAREFULLY AND NOTE THAT YOU ARE MAKING THE FOLLOWING STATEMENTS UNDER OATH:

**PROOF OF CLAIM
AGAINST**

SENTINEL TRUST COMPANY

BEFORE ME, the undersigned Notary Public, appeared the person whose name is subscribed hereto, who states under oath that, after deducting all offsets and counterclaims the above entity is indebted to her/him as follows:

(Receiver's Use Only)

Claimant Name _____ Claim No. _____
(Party who is executing this claim and to whom payment should be made)

Claimant Address _____
(Street or Box Number) (City) (State) (Zip)

Contact Number _____ E-Mail _____ Tax ID# _____
(Required)

To the extent that the claim relates to a particular bond issue, that information is as follows:

Bond Issue Name: _____ Cert.# _____ CUSIP# _____
(Series No.)

Type of Claim: _____ Bond Issuer _____ Bondholder _____ Other _____

Amount of Claim: _____ Interest _____ Principal _____ Other _____

If filing a claim other than which relates to a specific bond issue (i.e. employee or vendor), please state the following:

Nature of Claim: _____ Amount: _____

Please attach all supporting documentation for any claim.

That the above is TRUE & CORRECT, justly owed, and no part of the amount claimed has been paid by Sentinel Trust Company, or any other source. Should monies from any other source be disbursed, I will contact the Receiver and report the amount.

Claimant Signature

SUBSCRIBED AND SWORN BEFORE ME, this _____ day of _____, 20 ____.

NOTARY PUBLIC

NOTARY NAME TYPED/PRINTED

My Commission Expires: _____

ALL CLAIMS MUST BE PRESENTED AT THIS ADDRESS ON OR BEFORE July 31, 2005 4:30PM CST

Receivership Management, Inc. P. O. Box 2307 Brentwood, TN 37024 or 215 Centerview Dr., Suite 133 Brentwood, TN 37027 (615) 370-0051 (Filings by Fax are not accepted)

Receivership Management, Inc.

P. O. Box 2307 Brentwood, TN 37024 (615) 370-0051 FAX (615) 373-4336

NOTICE TO BONDHOLDERS REGARDING FINAL DISTRIBUTION

\$2,270,00 METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY, TENNESSEE (Nashville-Thompson Place, Inc. Project) Series 1998 “(Bonds)” CUSIP# 592065X27, X35, X43, X50, X68, X76, X84, X92, Y26, Y91, Y34, Y42, Y59, Y67, Y75 and Y83.

Sentinel Trust Company (“the Trustee”) serves as indenture trustee under that certain Mortgage and Trust Indenture dated as of January 29, 1999 between the Trustee and Metropolitan Government of Nashville and Davidson County, Tennessee (Thompson Place) (“the Issuer”). The current outstanding principal amount of the Bonds is \$2,245,000.00.

The Receiver for Sentinel Trust Company has filed with the Chancery Court in Lewis County, Tennessee a Motion requesting approval to make a final distribution to bondholders. The estimated distribution will be approximately \$435.00 per \$1,000.00 principal amount of the Bonds. The final distribution represents the amount available for bondholders after deducting all fees incurred in connection with the collateral sale, default administration, legal and professional fees.

Please refer to the Tennessee Department of Financial Institutions website at [_](#) to view the Motion and Exhibits concerning these fees and expenses. The Motion for Approval for payment to bondholders will be heard by Chancellor Donald P Harris in Lewis County Chancery Court in Hohenwald, Tennessee on February 28, 2005.

Bondholders with questions about this notice may contact the Receiver for Sentinel Trust Company, Jeanne Barnes Bryant at 615-370-0051.

Dated: February 18, 2005

Sentinel Trust Company, as Trustee

